

# Evaluation of the Office of Managed Care of the Los Angeles Department of Health Services

Health Management Associates

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# Focus of Assessment: Question HMA Attempted to Answer

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*If LA County is going to continue to operate a comprehensive health care delivery system in the face of impending changes related to the coverage of Medi-Cal patients and the conversion of a large number of those patients into managed care plans, what changes does it need to make in the way that it delivers services and relates to managed care and forms partnerships with other providers, what assistance can the Office of Managed Care—or others—provide in making this transformation, and what steps must be taken to secure that assistance?*

# Approach that Was Taken to Address the Question

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- Review of data (health plan, DHS)
- Interviews with all key stakeholders
- Discussions related to DHS readiness for managed care
- Monitoring health reform elements, California Medi-Cal waiver renegotiation
- Touch back on emerging conclusions
- Assurances that recommendations are possible

# Findings and Recommendations in Two Equally Important Categories

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- First: *LA County's current and future arrangement with a Managed Care Partner.*
- Second: *The current and future organization of health service delivery within LA County to maximize readiness for health reform and managed care.*

# LA County and Managed Care: Findings

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- Medi-Cal does and will continue to represent the predominate revenue source for the LA County health system.
- Many currently unfunded patients will move into Medi-Cal over next four years as a result of national health reform.
- Most Medi-Cal patients will be in managed care plans, with significant increases even this year.

# LA County and Managed Care: Findings, cont'd.

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- The Office of Managed Care (OMC) is predominately the Community Health Plan (CHP).
- CHP does not: 1) keep a significant number of patients in the DHS system, 2) provide support for system change, 3) facilitate the DHS as a provider in other plans. Further, it's "profitability" is questionable.

# LA County and Managed Care: Findings, cont'd.

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- CHP is professionally managed; that issue, however, is irrelevant. It is a distraction to the real work that needs to be done.
- It is critical that DHS has a managed care partner that can: 1) direct significant numbers of Medi-Cal patients into the system, 2) invest in managed care infrastructure, and 3) streamline current administrative functions.

# LA County and Managed Care, Findings, cont'd.

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- OMC, as currently configured, cannot provide the County what it needs to move into a new era of managed care predominance.
- LA Care, as the County's Local Initiative, possesses the ability, the resources and the mission to serve as that partner for DHS and the County.



# LA County and Managed Care: Recommendations

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- The CEO should convene DHS and LA Care leadership to negotiate a new relationship that must address ALL of the following issues:
  - 1) Transition DHS out of the operation of CHP.
  - 2) Conduct independent audit of CHP “profitability” and reach agreement on investment by LA Care of at least equal amount into DHS managed care readiness.

# LA County and Managed Care: Recommendations, cont'd.

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- 3) Realign current OMC into a reconfigured DHS Office of Ambulatory Care (see below).
- 4) Streamline DHS administration of PPP contracts, Medi-Cal managed care, Healthy Way LA programs into LA Care and move toward capitation and integration.
- 5) Assure maintenance and growth of Medi-Cal and IHSS patients in DHS delivery system.

# LA County and Managed Care: Recommendations, cont'd.

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- 6) Build a joint LA Care/DHS “managed care unit” dedicated to system readiness and promotion (particularly related to the 1115 Waiver).
- 7) Commit to the joint development of an integrated “safety net delivery system” in LA County that would include DHS, PPPs, community hospitals, and others serving target populations.
- 8) Address current contracting constraints in County system.

# LA County and Managed Care: Recommendations, cont'd.

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- 9) Assure the accountability of the negotiation process through regular reporting back to the LA County Board of Supervisors and the LA Care Board to assure that progress is made. An agreement should be reached within six months, with implementation over the next year.

# LA County and the DHS Delivery System: Findings

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- The most critical element of readiness for managed care is access to a primary care medical home that is part of a coordinated system.
- DHS is significantly behind many other public systems in its approach to the oversight of primary and specialty outpatient services.
- Most of the primary care related to DHS is delivered by PPPs but is unconnected to the rest of the DHS delivery system.

# LA County and the DHS Delivery System: Findings, cont'd.

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- Ambulatory care within DHS is not administered centrally. It is often viewed as a “step-child” to hospital services.
- The PPP relationship is structured to discourage integration and effective management of patients shared with DHS.
- DHS specialty outpatient services are a critical but incompletely integrated component of the management of the target populations.

# LA County and the DHS Delivery System: Findings, cont'd.

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- LA County has all of the elements to make up a truly effective managed care delivery system for complex patients (the object of managed care): medical care, mental health services, substance abuse treatment relationships, enrollment activities. These services need to be better organized and integrated.

# LA County and the DHS Delivery System: Recommendations

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- DHS, with the support of the Board of Supervisors and the CEO, should restructure its ambulatory care services to:
  - 1) Create centralized responsibility for DHS' approach to access, productivity, quality, information technology in all of its primary and specialty services.
  - 2) Integrate a newly resourced OMC into a reconfigured Office of Ambulatory Care.



# LA County and the DHS Delivery System: Recommendations, cont'd.

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- 3) Include the responsibility for the integration of the primary care provided by the PPPs into the newly restructured DHS ambulatory care system.
- 4) Provide the new ambulatory care system with the resources and the leadership that it needs to direct DHS into managed care and assure that ambulatory care has a significant role in setting DHS strategy and priorities.

# LA County and the DHS Delivery System: Recommendations, cont'd.

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- Direct the leadership of LA County's Departments of Health Services, Mental Health, Public Health and Public Social Services to begin the process of integration by initiating pilots consistent with addressing the needs of patients targeted by the California 1115 Waiver renewal targets.

# Conclusion

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LA County both faces significant constraints and possesses real opportunities as health care dramatically changes over the next several years. The one option that it doesn't have—if it is to remain the hub of the health care safety net—is to do nothing.